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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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DEC 29 1997

In the Matter of)
)
Access Charge Reform Tariff Filings)
)
Sprint Local Telephone Companies)
Tariff FCC No. 1)

97-249
97-250 ✓
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY
Transmittal No. 44

**REPLY COMMENTS OF THE
SPRINT LOCAL TELEPHONE COMPANIES**

On December 17, 1997, the Sprint Local Telephone Companies ("Sprint LECs") filed Transmittal No. 44 with respect to their Tariff FCC No. 1 ("Sprint Tariff Filing") required to implement the Commission's Access Reform Order.¹ On December 23rd AT&T Corp. ("AT&T") filed its Petition of AT&T Corp. ("AT&T Petition") and MCI Telecommunication Corporation ("MCI") filed its MCI Petition to Suspend and Investigate ("MCI Petition") addressing issues raised in the Sprint Tariff Filing, as well as issues raised in corresponding tariff filings of all of the Price Cap LECs. The Sprint LECs hereby respectfully submit the following replies to the AT&T and MCI petitions.

I. AT&T's Petition

AT&T contends that by understating their per-line BFP revenue requirements, the LECs have overstated their CCL rates since 1991.² AT&T submits that this occurrence has resulted in interexchange carriers paying excessive charges over the past seven years

¹ *In the Matter of Access Charge Reform*, First Report and Order, CC Docket No. 96-262, released May 16, 1997 ("Access Reform Order").

² AT&T Petition at page 3.

and suggests that the Commission apply its BFP Order³ retroactively to January 1, 1991.

Sprint submits that AT&T's argument must be rejected for the following reasons.

First, AT&T seeks to overturn access tariffs that have been long since reviewed and approved. AT&T argument is nothing more than an untimely petition to reconsider prior tariff approval orders. Second, assuming it's appropriate to provide any relief in this case, a good portion of it would be barred by the statute of limitations. Third, to the extent that prior rates generated revenues above the no sharing zone, AT&T and other IXC's have already received refunds through the price cap mechanism.

AT&T also argues that LECs in general have overstated access rates as a result of their failure to reduce their transport interconnection charge ("TIC") rates in compliance with the Commission's Access Reform Order.⁴ In the Access Reform Order the Commission required that LECs separate facility-related TIC revenue from residual TIC revenue.⁵ LECs were required to separate the portion of the TIC that is based on facility investment and that portion that has no identifiable cost element. If the LEC was unable to properly estimate a residual TIC, they were to use 55% of the then current TIC for the July 1, 1997 filing. The Sprint LECs used the 55% figure and submit that the Sprint Tariff Filing complies with the Commission's requirements.

AT&T suggests that the Sprint Tariff Filing fails to establish the new multiplexing charge as directed by the Commission. The Sprint LECs established a separate charge for multiplexers used for common transport with appropriate cost support as set forth in

³ In the Matter of 1997 Annual Access Tariff Filings, Memorandum Opinion and Order, CC Docket No. 97-149, FCC 97-403 released December 1, 1997. ("Annual Filing Order")

⁴ AT&T Petition at page 8.

⁵ Access Reform Order at paragraphs 229-238.

Sprint Tariff Filing,⁶ which details the new common multiplexing revenue and the new dedicated tandem multiplexing revenue. The revenue generated by both of these new services has been removed from the TIC in accordance with Commission mandates.

AT&T also argues that Sprint did not file cost support for the new dedicated multiplexing rate applied at the tandem. For dedicated, the Sprint LECs established charge is the same rate element associated with the existing multiplexing service offered to entrance facilities customers at the serving wire center ("SWC"). Sprint submits that this is the appropriate rate going forward. The same equipment and investment is used in providing the service so no additional cost support is warranted.⁷ AT&T appears to suggest that the cost of the multiplexing function at the tandem may have different cost characteristics from the multiplexing service provided to entrance facility customers at a SWC. Sprint disagrees with this conclusion. In both instances the same service is provided with the same cost characteristics. The same equipment provides the same function in both instances. Sprint sees no justification to price the same, functionally equivalent service at different prices. Thus, Sprint used the existing dedicated multiplexing rate for this new service.

AT&T also challenges Sprint's TIC Recalculation methodology. As noted above, the Sprint LECs used 55% of the TIC charge as the maximum targeted TIC reduction. Sprint used the actual revenue targeted to the TIC in its July 1, 1997 filing in its TIC recalculation. AT&T contends that the appropriate targeted amount is the sum of the PCI changes. AT&T suggests that the Sprint LECs did not properly compare the recalculated

⁶ Sprint's Transmittal No. 44, Description and Justification, Volume 1, Exhibit 3-15.

⁷ Sprint's Transmittal No. 44, Description and Justification, Volume 1, Exhibit 7-5.

TIC to the actual targeted TIC revenues in the calculation of excess targeted TIC.

Sprint submits that its methodology and AT&T's yield the same result if the TIC SBI is at the upper limit, but acknowledges that a difference is created when the LEC has priced its TIC below the upper limit. Sprint acknowledges that AT&T's suggested change would be appropriate under some circumstances, but submits that there is no material difference in its application to the Sprint tariff Filing.⁸

AT&T argues that the LECs have improperly included the Part 69 ruling on General Support Facilities (GSF) in the CAP-1 Chart without formal authorization from the Commission. Sprint disagrees with this argument and has included the reduction in its calculation of the maximum end user charge.⁹ The proposal as set forth by AT&T would recognize the need to reduce the TIC for GSF impacts¹⁰ yet would deprive the multi-line business customer of the same benefit of removing GSF from access services.

AT&T takes issue with the disparity between the charges different LECs have established for line port charges associated with BRI and PRI ISDN. AT&T also asserts that Sprint is using the same rate for the line port charge for both BRI and PRI ISDN.¹¹ Sprint did not interpret the Access Reform Order as requiring a separate calculation for the line port charge for PRI ISDN and, accordingly, did not develop such a charge. Sprint is reviewing this issue, as well as the issue concerning the disparity in pricing amongst the LECs with respect to the pricing of the line port charge for BRI ISDN. Sprint will make any necessary corrective filings as soon as possible.

⁸ AT&T acknowledges that the adjustment as proposed by AT&T is "not a significant" amount. AT&T Petition, Exhibit TIC RECAL, page 7, footnote 4.

⁹ Sprint's Transmittal No. 44, Description and Justification, Volume 1, Exhibit 3-18.

¹⁰ AT&T Petition, Exhibit TIC RECAL, page 1, line 292.

¹¹ AT&T Petition at pages 21.

II. MCI Petition

MCI suggests that it is in error for a LEC to include “non-intrastate access minutes” in reinitializing tandem switched transport rates.¹² Because this method uses intrastate access, local and toll minutes, MCI suggests that the resulting calculation produces rates that are well below existing rates for switched transport. MCI argues that the use of non-interstate access minutes in the LEC common minute-of-use studies is inappropriate. MCI believes the price should be set using interstate costs divided by interstate minutes. Sprint submits, however, that the method proposed by MCI is inconsistent with the rate development methodology established in the Local Transport Restructure Order.¹³ The methodology prescribed is:

$$\frac{\text{Interstate Dedicated Transport Service Rate} \times \text{DS3/DS1 Interoffice Facility Percentage}}{\text{Minutes-of-Use per DS1}}$$

The interstate rate included in the formula is the full cost of the facility. The facility is by definition a shared facility. All types of traffic traverse this route. If the total minutes on the facility are not used in the equation, the resulting rate will overstate the per minute cost of the service provided.

MCI argues that trunk port charges should not be assessed on spare trunks riding a transport facility. Sprint submits, however, that its rate development and application for trunk port charges will not disadvantage any purchaser of trunk ports. All trunk port rates are based on a DS1 trunk port connection to a digital switch. To develop a DS0 and DS3

¹² MCI Petition at pages 15-16.

¹³ Access Reform Order at paragraph 206.

rate, Sprint simply divided the DS1 rate by 24 and multiplied by 28, respectively.

Therefore, a purchaser can receive any capacity at the same cost per trunk.

Additionally, MCI disagrees with of the use of a snapshot in time as the basis for charging PICC. MCI contends that to ensure the PICC is assessed accurately and equitably, the Commission should require the LECs to prorate the charges. The Commission has already ruled on this issue in the Access Reform Order. Paragraph 92 clearly states "To avoid any potential administrative difficulties resulting from customers leaving their presubscribed interexchange carrier in the middle of a billing cycle, we will permit LECs to assess the full PICC at the beginning of each billing cycle." MCI offers nothing new in support of its position. Accordingly, the Commission should reject the request.

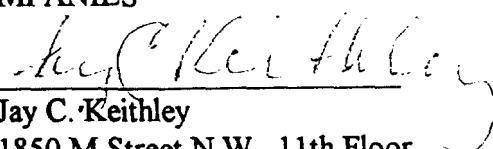
CONCLUSION

With the modifications as noted above, the Sprint LECs have appropriately developed the tariff filing as necessary to comply with previous Commission orders. The Commission should approve the tariffs so modified and reject the arguments of AT&T and MCI.

Respectfully submitted,

SPRINT LOCAL TELEPHONE
COMPANIES

By


Jay C. Keithley
1850 M Street N.W., 11th Floor
Washington, DC 20036-5807
(202) 857-1030

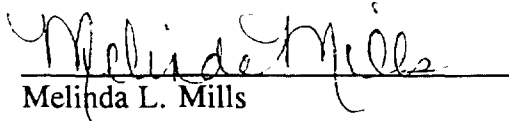
Joseph P. Cowin
P. O. Box 11315
Kansas City, MO 64112
(913) 624-8680

Its Attorneys

December 29, 1997

CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 29th day of December, 1997, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Reply Comments of the Sprint Local Telephone Companies" in the Matter of Access Charge Reform Tariff Filings, Sprint Local Telephone Companies Tariff FCC No. 1, Transmittal No. 44, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.


Melinda L. Mills

- * Indicates Hand Delivery
- ** Indicates Facsimile Service

Richard Metzger*
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW, Room 500
Washington, DC 20554

James D. Schlichting*
Chief, Competitive Pricing Division
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

Richard Welch*
Deputy Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Judy Nitsche*
Federal Communications Commission
1919 M Street, NW
Room 514
Washington, DC 20554

Jane Jackson*
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

Rich Lerner*
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

Dan Abeyta*
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

John Scott*
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

Wilbur Thomas*
ITS
1919 M Street, NW - Room 246
Washington, DC 20554

Joel Ader*
Bellcore
2101 L Street, NW
Suite 600
Washington, DC 20006

Alan Buzacott**

MCI

1801 Pennsylvania Avenue, NW

Washington, DC 20006

FAX: 887-2204

Gene Schaerr

AT&T Corporation

1722 I Street, NW

Washington, DC 20006

Mark C. Rosenblum

AT&T Corporation

Room 3245I1

295 North Maple Avenue

Basking Ridge, NJ 07920

Safir Rammah**

AT&T Corporation

FAX: (703) 691-6314